

Micro actions, macro impact

How finance professionals shape national
compliance outcomes at the entity level

November 2025



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01

Compliance: an entity-wide
responsibility –
the functional imbalance

PLACEHOLDER: Survey results

Polling question 1

Who ultimately bears responsibility for maintaining compliance within the organization?

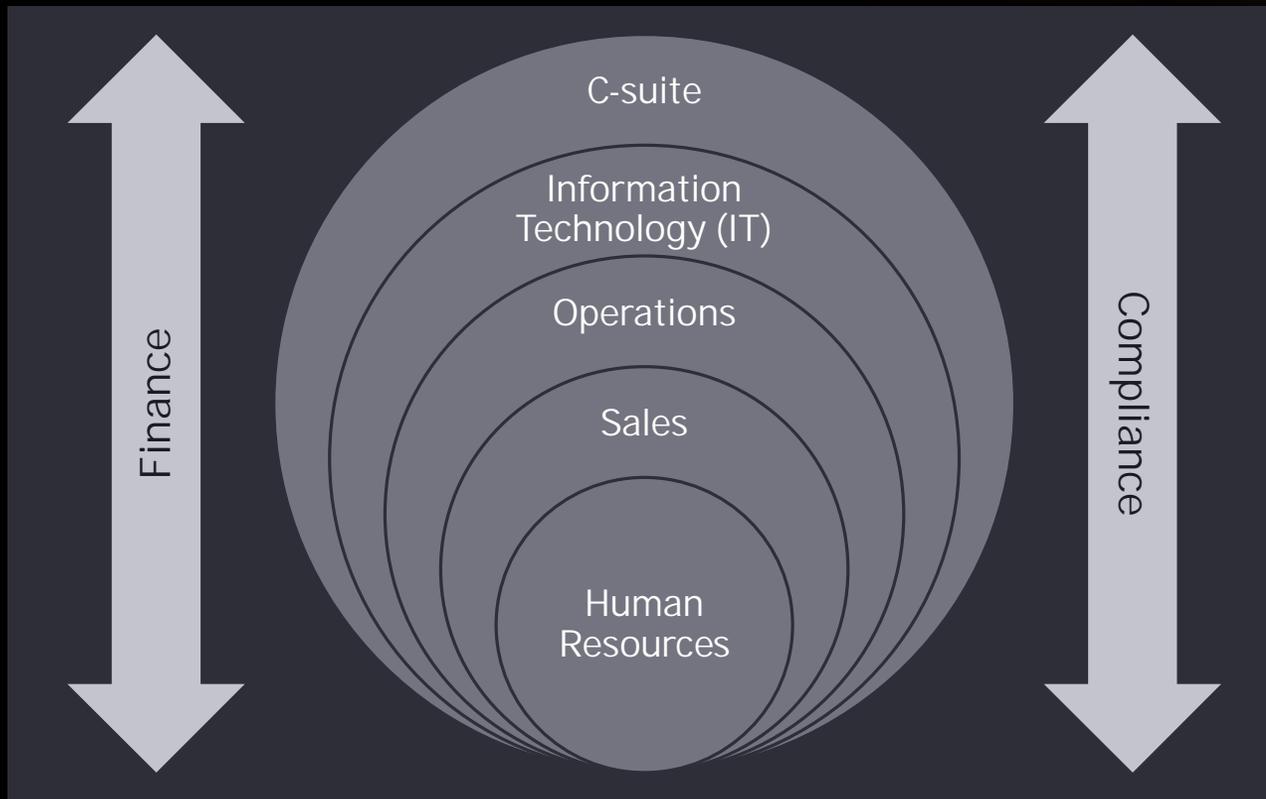
- A The Compliance Department
- B Senior Leadership
- C Every employee
- D External regulators

“

Compliance is everybody's business!

Compliance: an entity-wide responsibility

Compliance should be viewed as a holistic effort that involves every department, as each team contributes to the organization's overall compliance posture. When all departments take responsibility for compliance, employees feel empowered to identify and address potential issues, fostering a proactive compliance culture.

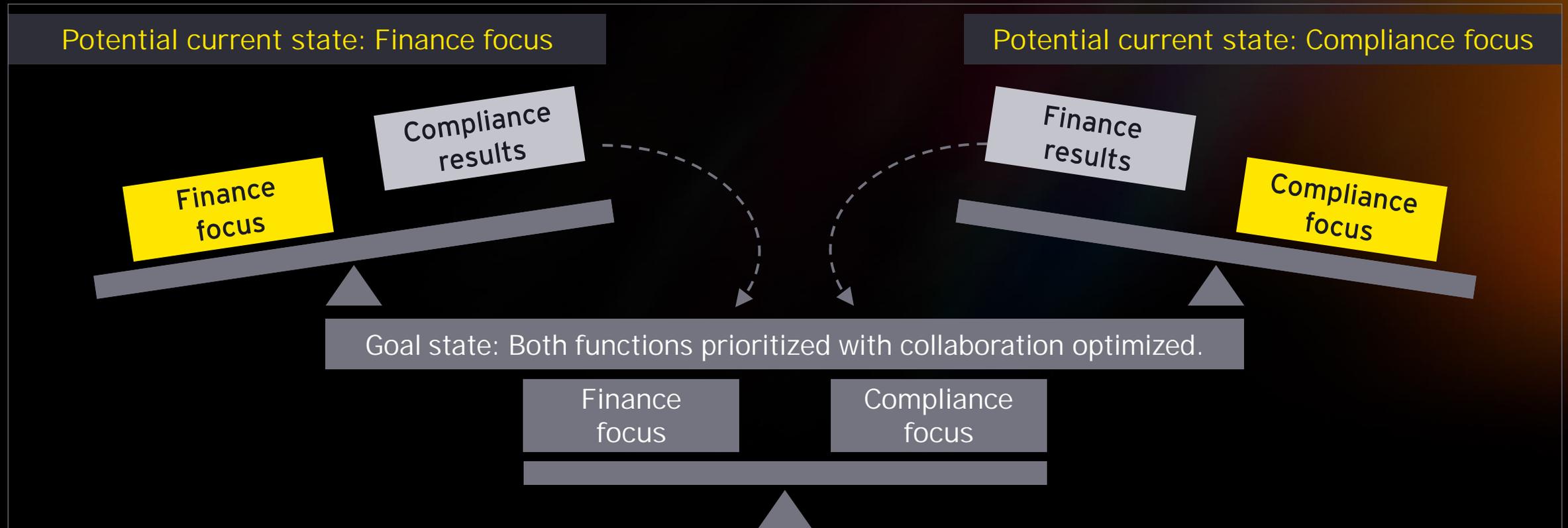


Both Finance/Accounting and Compliance directly impact and are impacted by all departments across an entity regardless of industry.

Both Finance/Accounting and Compliance have material obligations within and external to an organization.

The functional imbalance

There are organizations that have imbalances between the Finance and Compliance functions/departments. It is common for functions to operate with an intradepartmental focus. National compliance and other macro benefits are accomplished through an interdepartmental awareness and collaboration between both the functions.



02

The parallel approach – default settings

PLACEHOLDER: Survey results

The parallel approach – the traditional roles

The traditional roles of Finance and Compliance highlight the distinct yet complementary functions of finance and compliance within an organization.

Finance

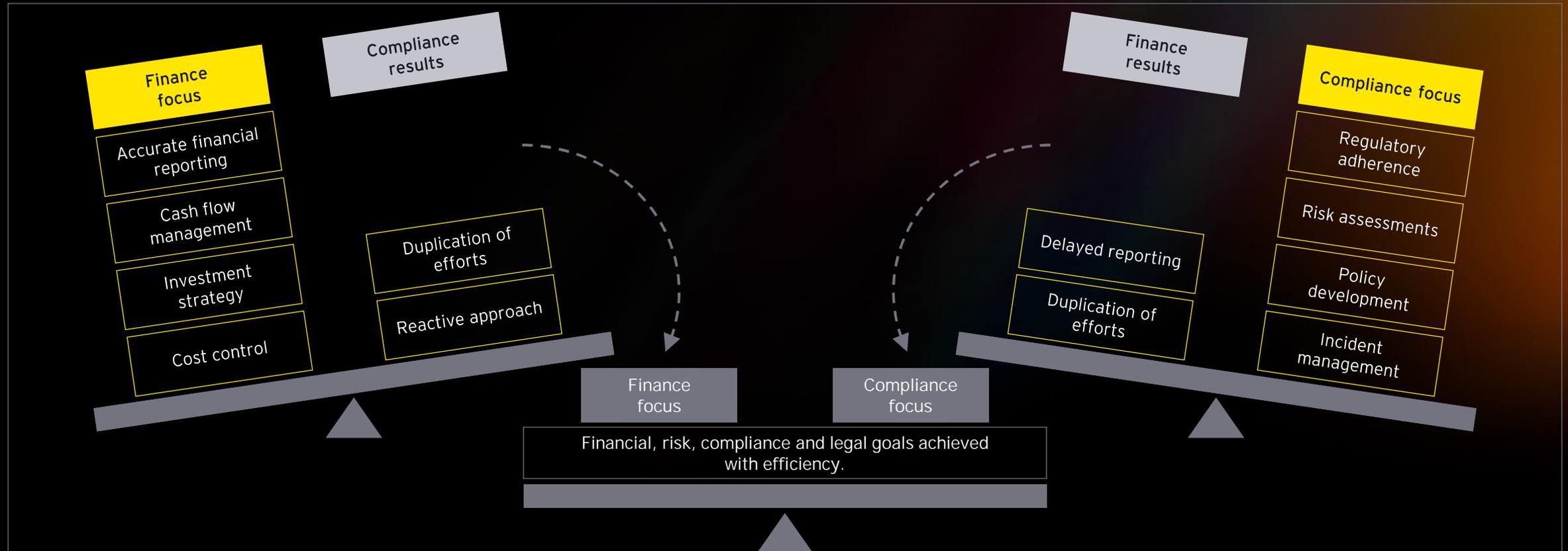
1. Financial Planning and Analysis: Developing budgets, forecasts, and financial models to guide strategic decision-making.
2. Accounting: Maintaining accurate financial records, preparing financial statements, and ensuring compliance with accounting standards.
3. Cash Flow Management: Monitoring and managing the organization's cash flow to ensure liquidity and operational efficiency.
4. Cost Control: Analyzing costs and implementing measures to optimize spending and enhance profitability.
5. Investment Management: Evaluating investment opportunities and managing the organization's investment portfolio to maximize returns.
6. Financial Reporting: Preparing and presenting financial reports to stakeholders, including management, investors, and regulatory bodies.
7. Tax Compliance: Ensuring adherence to tax regulations and managing tax planning and reporting.
8. Risk Management: Identifying financial risks and developing strategies to mitigate them.

Compliance

1. Regulatory Adherence: Ensuring the organization complies with applicable laws, regulations, and industry standards.
2. Policy Development: Creating and maintaining compliance policies and procedures to guide organizational practices.
3. Training and Awareness: Providing training programs to educate employees about compliance requirements and ethical standards.
4. Monitoring and Auditing: Conducting regular audits and monitoring activities to assess compliance with policies and regulations.
5. Incident Management: Establishing processes for reporting, investigating, and resolving compliance-related incidents or violations.
6. Risk Assessment: Identifying and assessing compliance risks to develop effective mitigation strategies.
7. Reporting and Documentation: Maintaining accurate records of compliance activities and preparing reports for stakeholders.
8. Continuous Improvement: Regularly reviewing and updating compliance programs to adapt to changing regulations and organizational needs.

The parallel approach – the functional imbalance

There are organizations that have imbalances between the Finance and Compliance functions/departments. It is common for functions to operate with an intradepartmental focus. National compliance and other macro benefits are accomplished through an interdepartmental awareness and collaboration between both the functions.



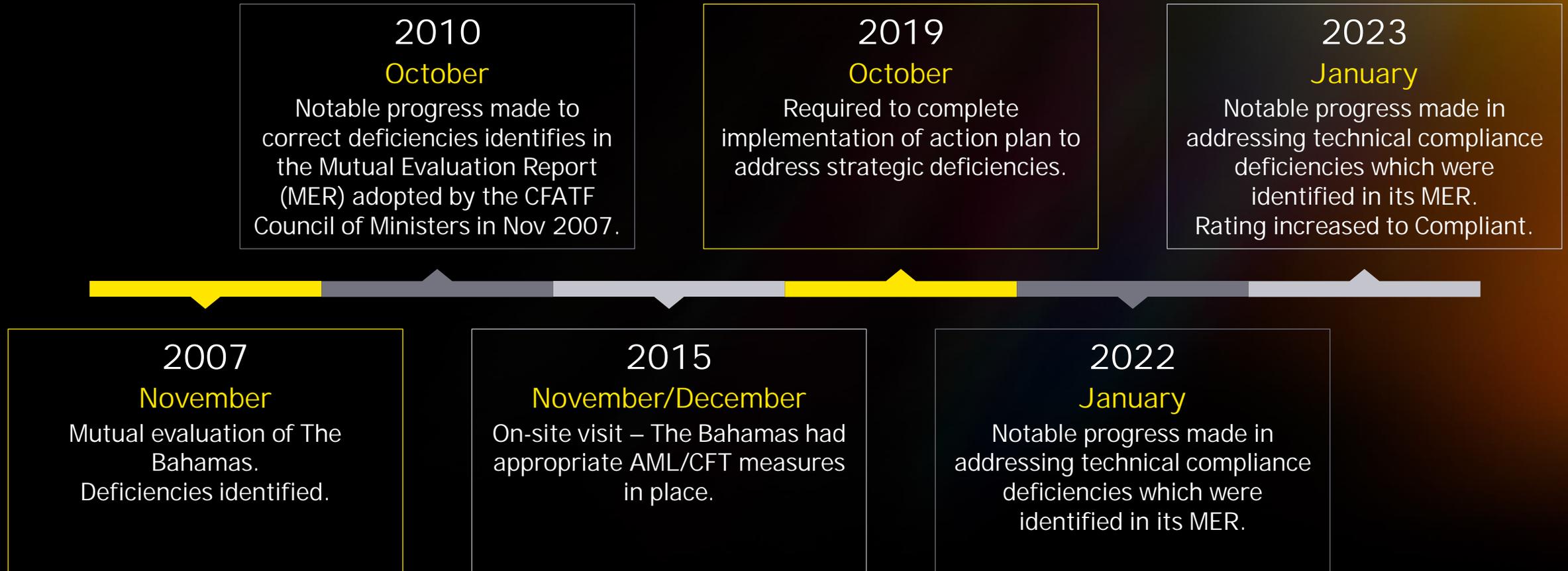
The parallel approach – overlap of activities and duties

Both functions play a crucial role in any entity's objectives. Both functions have the same needs (ex.: data integrity) for success in their efforts. While a parallel approach to finance and compliance has benefits, collaborative yields effective and efficient operation given the material level of overlap.

The finance and compliance overlap makes collaboration easily achievable

- **Risk Management:** Both functions play a crucial role in identifying and mitigating risks. Finance assesses financial risks, while compliance focuses on regulatory and operational risks. Together, they create a comprehensive risk management strategy.
- **Regulatory Adherence:** Compliance ensures that the organization adheres to laws and regulations, while finance must ensure that financial practices align with these requirements. This collaboration helps avoid legal penalties and enhances the organization's reputation.
- **Accurate Reporting:** Finance is responsible for financial reporting, and compliance ensures that these reports meet regulatory standards. This partnership ensures transparency and accuracy in financial disclosures.
- **Internal Controls:** Finance establishes financial controls to safeguard assets and ensure accurate reporting. Compliance ensures that these controls are effective and align with regulatory requirements, enhancing overall organizational integrity.
- **Training and Awareness:** Both functions can collaborate on training programs to educate employees about financial regulations and compliance requirements, fostering a culture of accountability and ethical behavior.
- **Data Integrity:** Finance relies on accurate data for decision-making, while compliance requires accurate data for regulatory reporting. By working together, they can ensure data integrity and reliability across the organization.
- **Strategic Decision-making:** Compliance provides insights into regulatory implications, while finance offers financial analysis. Together, they can inform strategic decisions that align with both financial goals and compliance requirements.
- **Crisis Management:** In the event of a compliance breach or financial irregularity, both functions must work together to address the issue, implement corrective actions, and communicate with stakeholders.
- **Long-term Sustainability:** By aligning their goals and efforts, finance and compliance contribute to the organization's long-term sustainability, ensuring that financial practices are not only profitable but also ethical and compliant.

National compliance – The Bahamas through the years



National compliance – the role of Fis and DNFBPs*



Poor performance in national AML/CFT* assessments can damage The Bahamas' reputation and create financial consequences for the entire business community.

Our role in National Risk Assessments (NRA)

- **Provide data and insights**
 - Submit relevant statistics on customer bases, transaction flows, suspicious transaction reporting trends, and sector-specific vulnerabilities.
 - Share practical examples of typologies and emerging risks encountered in operations.
- **Engage in consultation processes**
 - Participate in workshops, surveys, and interviews coordinated by competent authorities.
 - Offer sectoral perspectives to ensure the NRA reflects operational realities.
- **Identify vulnerabilities**
 - Highlight weaknesses in controls or practices within their sectors that may be exploited for money laundering/terrorist financing (ML/TF) purposes.
- **Adopt and apply NRA findings**
 - Integrate NRA outcomes into internal risk assessments, compliance frameworks, and resource allocation.
 - Prioritize higher-risk areas in line with national AML/CFT priorities.

Our role in Mutual Evaluations

- **Understanding of ML/TF risks**
 - Evidence of alignment between institutional risk assessments and national risk findings.
 - Application of a proportionate, risk-based approach to customers, products, services, and geographies.
- **Implementation of risk-based controls**
 - Robust customer due diligence (CDD) and enhanced due diligence (EDD) for higher-risk categories.
 - Effective ongoing monitoring and transaction review processes.
- **Suspicious transaction reports/Suspicious activity reports (STRs/SARs)**
 - Filing timely, accurate, and well-substantiated reports.
 - Demonstrating learning and improvement based on regulatory feedback.
- **Strong governance and compliance culture**
 - Appointment of designated compliance officers with sufficient authority and resources.
 - Active senior management oversight of AML/CFT frameworks.
 - Regular independent audits and compliance reviews.
- **Transparency and cooperation**
 - Willingness to participate in interviews with evaluation teams.
 - Clear articulation of practices, challenges, and sectoral experiences.

* Fis = Financial Institutions; DNFBPs = Designated Non-Financial Businesses and Professions; AML/CFT = Anti-Money Laundering/Countering the Financing of Terrorism

National compliance – the role of FIs and DNFBPs (cont.)



Key outcomes expected

Subsequent to both NRAs and mutual evaluations (and other national and regulatory exercises), the private sector is expected to demonstrate:

1. **Integration of risk understanding into practice** – showing how identified risks shape policies and procedures.
2. **Effective application of the risk-based approach** – balancing controls proportionately across varying risk levels.
3. **Evidence of effectiveness** – measurable outcomes such as improved detection, reporting and mitigation of ML/TF risks.

Key considerations

- Weak (delayed/inaccurate) financial reporting/information sharing can cause unusual or suspicious transaction reporting to be delayed.
- Compliance teams depend on timely, accurate information from the first line of defense to assess risks and determine whether to file reports with the regulator or flag issues internally.
- Both accountants and auditors should know the business! This knowledge directly translates to the ability to recognize “red flags” and potential suspicious transactions.

Polling question 2

Why is national compliance important to individual entities operating in The Bahamas?

- A It has little impact on private organizations
- B It ensures the country maintains its credibility, competitiveness and access to global markets
- C It only affects financial institutions
- D It's the government's responsibility, not ours

03

The mindset shift – partnership in action

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How can proactive finance actions
mitigate compliance failures?

Why does partnership matter?

By fostering a partnership between Finance and Compliance, stronger controls, reduced regulatory breaches, and enhanced national resilience against financial crimes can be achieved.

Stronger controls

1. Integrated Risk Management: Combines financial and compliance risks for effective control.
2. Robust Internal Controls: Ensures financial processes meet regulatory standards.
3. Data Analytics Collaboration: Identifies vulnerabilities through shared data insights.
4. Ongoing Training: Fosters awareness of compliance roles among employees.
5. Continuous Monitoring: Enables prompt identification and correction of control weaknesses.

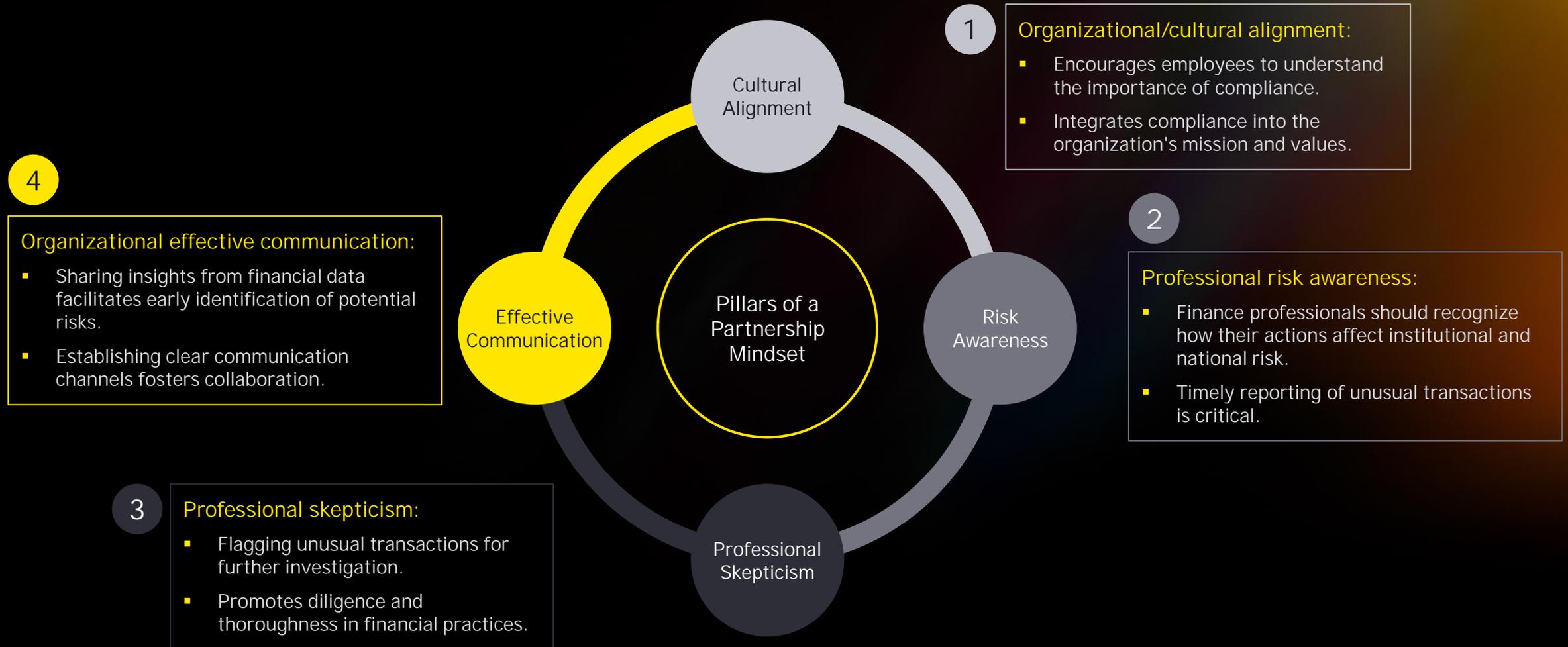
Reduced regulatory breaches

1. Proactive Risk Identification: Detects compliance risks early to prevent breaches.
2. Streamlined Processes: Simplifies compliance reporting to minimize errors.
3. Effective Communication: Facilitates timely sharing of risk information.
4. Shared Accountability: Encourages ownership of compliance responsibilities.
5. Regular Audits: Identifies concerns and implements changes to reduce breach risks.

National resilience

1. Enhanced Financial Integrity: Strengthens systems against economic shocks.
2. Increased Stakeholder Confidence: Builds trust among investors and regulators.
3. Rapid Threat Response: Enables quick adaptation to emerging risks.
4. Alignment with National Standards: Supports cohesive regulatory frameworks.
5. Compliance Culture Promotion: Fosters compliance and ethics across institutions.

Key pillars of a partnered mindset



Where finance meets compliance – everyday micro-level touch points

Transaction & account monitoring

Finance Action

- Review daily cash flows, reconciliations, and identify unusual patterns.
- Track transactions, identify anomalies

Compliance Outcome

- Potential to detect fraud or laundering before it escalates.
- Potential to detect suspicious activity early

National Impact

- Strengthens national transaction monitoring data and supports AML/CFT obligations.

Red flags for unusual activity

Finance Action

- Identify anomalies (round-dollar payments, unrelated third parties, frequent cash). Apply professional skepticism, flag unusual patterns.

Compliance Outcome

- Supports timely suspicious activity reporting, reducing regulatory breaches. Timely reporting to compliance

National Impact

- Provides intelligence for NRAs and international Financial Action Task Force (FATF) evaluations.

Supporting documentation

Finance Action

- Verify invoices, receipts, contracts, and authorizations exist. Ensure invoices, receipts, agreements match transactions.

Compliance Outcome

- Identify erroneous entries, shell company abuse, and illicit fund transfers. Demonstrates adherence to internal controls.

National Impact

- Helps maintain transparent business practices that uphold the jurisdiction's financial integrity.

Reliable financial information

Finance Action

- Assess whether figures and trends make sense against the business model.
- Identify inconsistencies in reporting

Compliance Outcome

- Protects against fraud, misstatements, and reputational damage.
- Reduces risk of regulatory breaches.

National Impact

- Demonstrates accurate and reliable reporting that supports global financial credibility and correspondent banking access.

Polling question 3

When reviewing financial records, which of the following BEST illustrates how finance teams contribute to compliance?

- A Ensuring all transactions are posted quickly, even if supporting documents are missing
- B Identifying duplicate invoices or unusual vendor payments and escalating to compliance
- C Delegating all responsibility for suspicious activity detection to the compliance team
- D Preparing only monthly reconciliations without analyzing patterns or anomalies

Survey results

Liquidity reporting – a finance–compliance partnership in action

Guideline requirement	Finance action	Roles in Finance	Compliance outcome	National impact
Liquidity Risk Management Framework	Develop and implement a comprehensive liquidity risk management framework that aligns with regulatory requirements.	Chief Financial Officer (CFO), Treasury Manager	Ensures adherence to regulatory standards, minimizing the risk of penalties and enhancing the institution's reputation.	Contributes to the overall stability of the financial system by ensuring banks manage liquidity effectively.
Liquidity Coverage Ratio (LCR)	Calculate and maintain an adequate stock of High-Quality Liquid Assets (HQLA) to meet the LCR requirements.	Treasury Analyst, Risk Manager	Supports compliance with the LCR, ensuring the institution can withstand liquidity stress scenarios.	Enhances the resilience of the banking sector, reducing systemic risk during financial crises.
Net Stable Funding Ratio (NSFR)	Monitor and manage the stable funding profile in relation to the composition of assets and off-balance sheet activities.	Asset Liability Committee (ALCO), Treasury Manager	Promotes compliance with NSFR, ensuring that funding sources are stable and reliable.	Reduces reliance on short-term funding, contributing to long-term financial stability.
Cash Flow Projections	Prepare cash flow projections to assess liquidity needs under normal and stressed conditions.	Financial Analyst, Treasury Manager	Facilitates proactive liquidity management and compliance with regulatory expectations.	Ensures that financial institutions can meet their obligations, enhancing public confidence in the banking system.
Contingency Funding Plan (CFP)	Develop and regularly test a comprehensive CFP to address potential liquidity shortfalls during crises.	Risk Manager, Treasury Manager	Ensures readiness to respond to liquidity events, minimizing operational disruptions and compliance risks.	Strengthens the financial system's ability to withstand shocks, contributing to national economic stability.
Stress Testing and Scenario Analysis	Conduct regular stress tests to evaluate the impact of adverse conditions on liquidity positions.	Risk Manager, Financial Analyst	Provides insights into potential vulnerabilities, ensuring compliance with regulatory expectations for risk management.	Enhances the resilience of the financial system by identifying and mitigating systemic risks.

Case Study 2: When finance-compliance partnership prevented a liquidity breach

- At OceanBank, the Finance Department identified a significant **discrepancy in cash flow patterns**: customer withdrawals were substantially exceeding expected inflows. Specifically, the bank observed that **withdrawals surpassed inflows by approximately 25%**, which raised immediate concerns about liquidity. Instead of simply recording the entries, the **finance team applied professional skepticism** and **flagged the anomaly** to Compliance and Risk Management.
- Together, they discovered that several large withdrawals were **linked to related-party accounts with inadequate supporting documentation**. This raised **potential AML risks** and **threatened the bank's liquidity coverage ratio (LCR)**, which must be maintained above 100% per regulatory requirements. At the time, OceanBank's LCR was hovering around 105%, indicating that without immediate action, it could quickly **fall below the minimum requirement**.
- By activating the Contingency Funding Plan and drawing on a committed line of credit, OceanBank successfully adjusted its asset-liability mismatches and maintained compliance, ultimately stabilizing its LCR at 110%.

Significant customer transaction outflows vs. inflows

Finance flagged anomalies; Compliance assessed AML risks

LCR below 100% minimum regulatory requirement

Activated Contingency Funding Plan; drew on credit line

Maintained LCR compliance; stabilized LCR

Polling question 4

What specific AML and liquidity risks were identified at OceanBank?

- A Increased customer deposits
- B Unusual transactions volume of customer withdrawals vs. inflows
- C Related-party accounts with inadequate supporting documentation
- D All of the above
- E B & C

04

Tracking success –
leading practices and key
performance indicators

Survey results

Leading practices for fostering collaboration

Regular joint meetings

- Schedule **quarterly meetings** between Finance and Compliance teams to discuss ongoing projects, challenges, and updates.
- Encourage **open communication** and foster a culture of collaboration. Use these meetings to **review recent compliance updates**, share challenges, and celebrate successes.

Shared responsibility for regulatory reporting

- Establish **clear timelines** and **responsibilities** for regulatory reporting to ensure both teams are aligned and accountable.
- **Define roles** clearly to provide clarity and **ensure timely submissions**. This shared accountability helps to build trust and encourages teamwork.

Tools and technologies to enhance partnership

- Implement integrated accounting software that includes compliance features, such as within accounts payable/receivable workflows.
- Explore various software solutions that facilitate seamless **data sharing and compliance checks**.

KPIs for Finance-Compliance collaboration

Reduction in reporting errors

Measure the decrease in errors in regulatory reports due to enhanced collaboration.

Number of compliance red flags detected

Track the number of compliance issues identified by Finance before they escalate to Compliance.

Timeliness of reporting

Measure the percentage of reports submitted on time versus those submitted late. This reflects the efficiency of collaboration in meeting regulatory deadlines.

Percentage of transactions reviewed

Calculate the percentage of transactions that undergo compliance review compared to total transactions processed. This helps assess the thoroughness of compliance checks.

Resolution time for compliance issues

Measure the average time taken to resolve compliance-related issues or discrepancies. A shorter resolution time indicates effective collaboration and responsiveness.

Employee compliance awareness scores

Conduct surveys to assess employee understanding of compliance policies and procedures. Higher scores indicate better awareness and adherence to compliance practices.

Audit findings related to financial transactions

Track the number of audit findings specifically related to financial transactions. A decrease in findings can indicate improved controls and collaboration.

Percentage of high-risk transactions reviewed

Measure the percentage of high-risk transactions that are reviewed by both Finance and Compliance teams. This ensures that critical transactions receive appropriate scrutiny.

Polling question 5

TBD

A TBD

B TBD

C TBD

D TBD

05

Call to action – align the scale

Key takeaways

The parallel approach

1. Both functions aim to protect the organization – Finance from losses and Compliance from legal damage.
2. Both functions rely on integrated data systems.
3. Corporate governance is promoted by both functions.
4. Finance is a strategic partner while Compliance is evolving into a business enabler – both driving sustainable growth.
5. Regulatory and financial complexity is increasing. Both functions are interdependent whether this is optimized, or not.

The partnered view

1. Every professional, plays a crucial role in both enterprise-level compliance outcomes and national compliance metrics
2. Moving from a siloed approach to a partnered strategy between Finance and Compliance strengthens the organization's ability to manage risks and comply with regulations.
3. A proactive approach to identifying and addressing compliance risks can prevent potential failures.
4. Aligning the organizational culture with regulatory compliance objectives ensures that all employees understand the importance of compliance.
5. Establishing feedback mechanisms between Finance and Compliance teams allows for the identification of successful practices and areas for improvement.

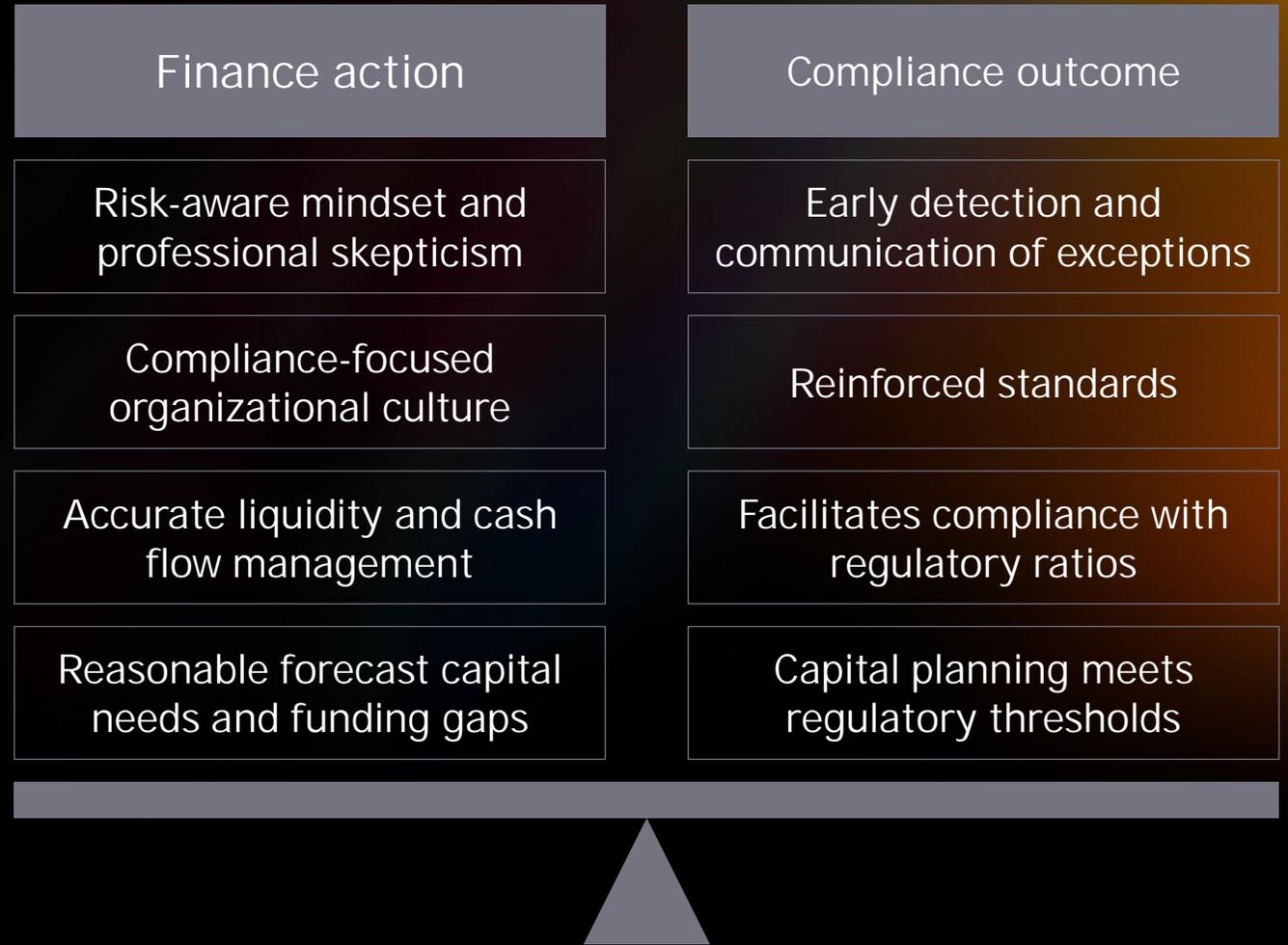
Balance the scale



Make finance-compliance collaboration a default setting in your organization.



View every transaction, approval, and report as a potential compliance contribution.



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